MEETING NOTES

LOS ANGELES COUNTY HOUSING ADVISORY COMMITTEE
Meeting Date: February 14, 2008

Attendees:

Members:
Steve Lamb, Altadena Town Council
Stephen E. Olson, The Olson Company
Henry Porter, Jr., Southwest Community Association

Other Attendees:
Jack Henningsen, Cox, Castle, & Nicholson
Blayne Sutton-Wills, Southern California Association of Non-Profit Housing
Craig Forsyth, Los Angeles Community Design Center
Joe Cadelago, Building Industry Association
Veronica Tam, Veronica Tam and Associates
Bill Fulton, Solimar Research Group
Jessica Daniels, Solimar Research Group

Board of Supervisors:
Karly Katona, Second District
Ben Saltsman, Third District
Julie Moore, Fourth District

Department of Regional Planning:
Rose Hamilton, Advance Planning Division
Connie Chung, Housing Section
Tina Fung, Housing Section
Anne Russett, Housing Section
Gretchen Siemers, Housing Section
Mark Herwick, General Plan Section
Gunnar Hand, General Plan Section
Dan Hoffman, GIS Section
David McDonald, Community Studies I
Karen Simmons, Ordinance Studies
Melissa Brizee, Ordinance Studies
Adrienne Ng, Ordinance Studies
Lauren Rank, Ordinance Studies
Alyson Stewart, Ordinance Studies

Department of Public Works:
Ariel Palomares, Building and Safety

Community Development Commission:
Pansy Yee

Introductions

Welcoming comments from Connie Chung, Department of Regional Planning.

Ms. Chung informed the Committee that the Los Angeles County Housing Element Update is underway. The draft Housing Element will be released for public review late February, and the Housing Element will be considered by the Regional Planning Commission (RPC) for public hearing on April 2, 2008.

Ms. Chung introduced Pansy Yee from the Los Angeles County Community Development Commission (CDC) and Karen Simmons and her staff from the Ordinance Studies section.

Presentation

Los Angeles County Green Building Incentives

Ms. Yee gave a presentation on the incentives that the CDC uses to help incorporate energy efficiency and green measures into affordable housing projects. Green building incentives are provided in various programs, including the following:

Notice of Funding Availability (NOFA) and Request for Proposals (RFP)

NOFA's and RFP's offered by the CDC have basic design guidelines as part of the scoring system. Proposed developments are scored and evaluated based on the green measures that are incorporated into the landscaping and the exterior and interior of the buildings. Also, additional points are awarded to projects that exceed the minimum requirements in the basic design guidelines. For example, projects that apply for the LEED or GreenPoint Rated certification will be awarded 30 bonus points. Using several current projects, such as Casa Dominguez, Salinas and Sierra Bonita as examples, Ms. Yee showed how green measures have been successfully incorporated into affordable housing developments without significant increases in the cost.

Energy Efficiency-Based Utility Allowance Schedule (EEBUA)

Energy Efficiency-Based Utility Allowance Schedule (EEBUA) is a lower utility allowance for energy-efficient projects to help pay back investments in energy efficiency. It intends to correct a long-standing, split-incentive problem by bringing utility allowances more in line with utility costs for projects that are energy efficient: new construction projects that are 15% above the energy code, and rehab projects with a 20% improvement over existing conditions. The rationale for the EEBUA is that developers who build energy-efficient affordable housing (or owners who improve the efficiency of existing properties) to reduce utility costs to the tenants, should be allowed to reap some of the economic benefit of their investments. A lower utility allowance, resulting in slightly higher rents, allows the owner to receive a portion of the money that the utility company would otherwise have collected - without increasing the tenants' total housing burden (rent plus utilities). Furthermore, the model that is used to calculate the lowered (energy efficiency-based) utility allowance ensures that the tenant saves money as well. The EEBUA provides a long-term mechanism to provide a payback for investments in energy efficiency.

Green Grant Program

Funded by the Community Development Block Grant (CDBG) and in partnership with Enterprise Community Partners, the Green Grant Program provides financial assistance to low income

households in East Los Angeles to install solar panels, which can result in energy savings from 30-80% a year. Recipients from this program receive about $20,000 to install a 3 kilowatt photovoltaic system, which costs about $26,000 in their home. In addition, local power companies provide an $8,000 rebate to households that have installed the photovoltaic system.

Los Angeles County Green Building Ordinance

Karen Simmons introduced Melissa Brizee of the Ordinance Studies Section, who gave a presentation on the County's proposed Green Building Ordinance. Although there are many aspects of the County's green building initiatives, Ms. Brizee focused her presentation on the residential component of the draft ordinance.

Ms. Brizee began with an overview of the background on the draft ordinance. In January 2007, the Board of Supervisors requested the Department of Regional Planning (DRP) and the Department of Public Works (DPW) to make recommendations for a green building program to provide potential solutions to issues, such as the high cost of electric power, water shortage, waste disposal issues and climate change.

In October 2007, DRP and DPW presented recommendations to the Board that utilize a phased-in approach that gradually strengthens the green building requirements. The Board supported the recommendations and asked the staff to prepare and present a Green Building Ordinance before the RPC within a 90-day period. The staff prepared the ordinance, conducted public outreach, and developed a cost-benefit analysis on green building. A presentation of the draft ordinance was made before the RPC on January 23, 2008.

The draft ordinance utilizes various third-party green building guidelines, standards, and rating systems for verification of results. A third-party system is a non-jurisdictional and often non-profit organization that manages green building standards and guidelines. Two such organizations are the nationwide U.S. Green Building Council, which manages the Leadership in Energy and Environmental Design program (LEED), and the California-based Build It Green, which manages the GreenPoint Rated (GPR) program for residential development. Green building standards in the draft ordinance include standards that promote improved energy and water efficiency, produce less waste, provide better indoor air quality and use more environmentally friendly building materials. Examples of design features include high-performance or renewable building materials, efficient lighting design, energy-efficient appliances, alternative energy use, and drought-tolerant landscaping.

Ms. Brizee explained that a phase-in approach was proposed to gradually increase the requirements for achieving more rigorous building standards over a four-year period. The proposed requirements for residential development involve using GPR or other similar County-approved third-party rating systems. The GPR system provides a menu of items for the builder to choose from, with a minimum of points required from five different categories: Community, Energy, Indoor Air Quality and Health, Resources and Water. Homes are rated by third-party trained and certified GreenPoint Raters and a rated home achieving 50 points may be certified as a Green Rated Home.

In the voluntary period (2008), there is no required compliance with green building standards. As an educational component of the program, builders in the checklist period (2009) are required to review and complete the appropriate third-party green building standards and checklists, identify what green building measures are already incorporated, identify elements that are relatively easy to incorporate, and understand what other types of measures builders may be incorporated into future projects. Finally, in the certification period (2010-2011), builders will be required to obtain third-party certification from the appropriate third-party.

In preparation of the draft ordinance, the staff also conducted an extensive study on the costs and benefits of green buildings. The study concludes that there is about a 3-4% (about $6,000-$8,000) increase in construction costs, but an overall, a 35% savings in energy use and 40% savings in water use. Other benefits that are not easily quantifiable include increased property value, improved health of residents, and minimized negative impacts on the environment and climate.

Ms. Brizee also indicated that the benefits of green building extend to affordable housing. For example, the value of green building measures are often measured using a life-cycle approach. Affordable housing projects are typically owned and operated by the same organization or person for 15-55 years, justifying medium to long payback periods. Savings on utilities can also help address some financial burdens on low-income families. In addition, as indoor toxins impact children's nervous and respiratory systems and can be a trigger for asthma, healthier families mean less time out of school and work, and less money needed to pay medical expenses. Furthermore, as affordable subsidized housing is a public asset, it critical that these assets are well-designed and do not create an operational burden.

During the January 23, 2008 RPC public hearing, comments and concerns were received from the public and the RPC, which include:

- Concerns that by requiring a third-party set of established guidelines, the County is putting its development standards into the hands of an outside non-County agency. And that requiring certification will pose too much of an additional cost and time burden on the builder;
- That the program is not specific enough to Los Angeles County, including its unique geographic regions and climate zones. The Commission requested that the staff look into developing the County's own set of green building guidelines and standards, with unique requirements for each of the climate zones;
- That the cost premiums for utilizing green materials and sustainable building techniques will be too high for builders;
- That by implementing this type of program, the County is adding more requirements, and not addressing perceived obstructions to green building and sustainable building techniques;
- That the DRP's cost-benefit analysis does not acknowledge the current housing market and that it may have overestimated the availability of energy efficient mortgages;
- That there is a need for more outreach in the field;
- That the proposed program is both too aggressive or not aggressive enough.

The final directive made by the RPC was to give the staff a 90-day continuance to better research the costs and benefits of green building; to conduct more outreach, including reaching out to the HAC; and revising the draft ordinances and reevaluating the requirements of using a third-party certification system. Ms. Brizee explained that the next steps for developing the Residential Green Building Program are: 1) to refine the draft ordinance; 2) to segment the County into seven areas and analyze what would be required to develop a system that is unique to all of the climate zones of the County; and 3) to explore a hybrid program using established third-party systems and developing County-specific standards.

Group Discussion

After the presentation by Ms. Yee and Ms. Brizee, the Committee discussed and identified some of the barriers to building more sustainably and using green technologies, which include:

- Regulatory Barriers: Some Committee members indicated that many green technologies are currently not permitted in the County, although many could also see the need for some of the prohibitions. The following materials/technologies, for example, are prohibited:
  - Modified spray in foam insulation;
  - Cathedral ceilings with 2x8 rafters (2x12 rafters are required);
  - SIPs-structural insulated panels (due to earthquake requirements);
  - Site built skylights (as they must be certified elsewhere);
  - Recycled greywater using an organic filter; and
  - Reduced lumber framing systems that reduce lumber by 15%.

- Lack of Understanding and Awareness: The Committee also commented on the general lack of understanding on green buildings, and that more education is needed.
  - The staff from various County departments needs to be educated to understand the County's green initiatives and their respective roles.
  - Home buyers, home owners and homeowner associations must also be educated on how to properly operate and maintain their green homes. However, it was also noted that green buildings are relatively easier to maintain.
  - The staff should also provide a green blog where people can exchange ideas and information with one another on general green building issues and latest green technologies, etc.

- Increased Costs for Builders and Home Buyers: Some Committee members also indicated that while builders are aware of the benefits of building green, the increased cost for builders and home buyers is definitely a financial barrier, given the environment of the current housing market.
  - Increase in construction costs can sometimes be up to 7% more than conventional construction to make a structure green.
  - While some home buyers are looking for green homes, many others are simply looking for cheaper homes.
  - The current housing market is not ideal for new regulations, even if they are for the benefit of the environment.
  - From a financial perspective, it is difficult to incorporate green technologies into rehabilitation projects, since retrofits can cost two to three times, or 14-21% more than what it costs to create a new green building from scratch.
  - The staff needs to compile harder numbers on the costs-benefits associated with green homes in order to convince consumers that it is worth the extra upfront costs.
  - It is important to look into the lifetime costs of green building materials and the payback for such materials. For example, rain gutters can be cheap or expensive, the cheaper ones do not last as long, and therefore, cost more over a longer time as well as have more negative impacts on the environment.
  - It is also important to look at the payback for green materials. For example, how long does it take to pay back solar panels and start reaping the benefits?
  - Energy Efficient Mortgages (EEMs) are sometimes hard to qualify for and tricky to apply for – this should be expanded before having stringent requirements for energy efficiency in certain areas.

The Committee also made the following suggestions on the proposed Green Building Program and its implementation:

- Since air conditioning uses the most energy—in other words, the bigger the house, the more air conditioning, the County should consider standards, such as setting a maximum building envelope.

- Green building requirements should be by geographic zones, and by urban and rural areas. The County may consider using overlay areas to address the uniqueness of different geographic areas throughout the County.
- An operation manual should be included in any green building project.
- There needs to be better communication, cooperation and collaboration among various County agencies in order to not place an undue burden on builders and home owners.
- Increase staff capacity in the entitlement process and provide more incentives, tax breaks and funding sources.

Conclusion

Ms. Chung provided a quick overview of how the County is addressing the energy conservation requirement in the Draft Housing Element. Mr. Herwick from the General Plan Section also provided a brief overview of how the County is addressing AB 32 requirements in the upcoming Los Angeles County General Plan Update.

Next Meeting Date

The next meeting is scheduled for **Thursday, May 22, 2008, from 9:00am – 11:00am** (refreshments will be provided beginning at 8:30am) and will be held at the **Kenneth Hahn Hall of Administration, Room 864, 500 West Temple Street, Los Angeles, CA 90012.**

Should you have any questions, please contact Connie Chung at (213) 974-6425 or by e-mail at cchung@planning.lacounty.gov

CC:TF
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